



## Senate

General Assembly

**File No. 70**

January Session, 2013

Senate Bill No. 938

*Senate, March 20, 2013*

The Committee on Aging reported through SEN. AYALA, A. of the 23rd Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

**AN ACT CONCERNING THE PURCHASE OF MEDICARE  
SUPPLEMENT POLICIES BY QUALIFIED MEDICARE  
BENEFICIARIES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 38a-495c of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2013*):

3 (a) Each insurance company, fraternal benefit society, hospital  
4 service corporation, medical service corporation, health care center or  
5 other entity in this state that delivers, issues for delivery, continues or  
6 renews any Medicare supplement insurance policies or certificates  
7 shall base the premium rates charged on a community rate. Such rate  
8 shall not be based on age, gender, previous claims history or the  
9 medical condition of the person covered by such policy or certificate.  
10 Except as provided in subsection (c) of this section, coverage shall not  
11 be denied on the basis of age, gender, previous claim history or the  
12 medical condition of the person covered by such policy or certificate.

13 (b) Nothing in this section shall prohibit an insurance company,  
14 fraternal benefit society, hospital service corporation, medical service  
15 corporation, health care center or other entity in this state issuing  
16 Medicare supplement insurance policies or certificates from using its  
17 usual and customary underwriting procedures, provided no such  
18 company, society, corporation, center or other entity shall issue a  
19 Medicare supplement policy or certificate based on the age, gender,  
20 previous claims history or the medical condition of the applicant.

21 (c) Nothing in this section shall prohibit an insurance company,  
22 fraternal benefit society, hospital service corporation, medical service  
23 corporation, health care center or other entity in this state when  
24 granting coverage under a Medicare supplement policy or certificate  
25 from excluding benefits for losses incurred within six months from the  
26 effective date of coverage based on a preexisting condition, in  
27 accordance with section 38a-495a and the regulations adopted  
28 pursuant to section 38a-495a.

29 (d) Each insurance company, fraternal benefit society, hospital  
30 service corporation, medical service corporation, health care center or  
31 other entity in the state issuing Medicare supplement policies or  
32 certificates for plan "A", "B" or "C", or any combination thereof, to  
33 persons eligible for Medicare by reason of age, shall offer for sale the  
34 same such policies or certificates to persons eligible for Medicare by  
35 reason of disability.

36 (e) To the extent permissible by federal law, each insurance  
37 company, fraternal benefit society, hospital service corporation,  
38 medical service corporation, health care center or other entity in the  
39 state issuing Medicare supplement policies or certificates for plan "A",  
40 "B" or "C", or any combination thereof, may deliver or issue for  
41 delivery such policy to a qualified Medicare beneficiary, as defined in  
42 42 USC 1396d(p).

43 [(e)] (f) Each insurance company, fraternal benefit society, hospital  
44 service corporation, medical service corporation, health care center or  
45 other entity in the state issuing Medicare supplement policies or

46 certificates shall make all necessary arrangements with the Medicare  
47 Part B carrier and all Medicare Part A intermediaries to allow for the  
48 forwarding, to the issuing entity, of all Medicare claims containing the  
49 name of the entity issuing a Medicare supplement policy or certificate  
50 and the identification number of an insured. The entity issuing the  
51 Medicare supplement policy or certificate shall process all benefits  
52 available to an insured from a Medicare claim so forwarded, without  
53 requiring any additional action on the part of the insured.

54 [(f)] (g) The Insurance Commissioner may adopt regulations, in  
55 accordance with chapter 54, to implement this section.

This act shall take effect as follows and shall amend the following sections:		
Section 1	July 1, 2013	38a-495c

**AGE**      *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

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***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill allows qualified Medicare beneficiaries to purchase supplemental Medicare policies. As this concerns interactions between private entities, there is no state or municipal fiscal impact.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****SB 938****AN ACT CONCERNING THE PURCHASE OF MEDICARE SUPPLEMENT POLICIES BY QUALIFIED MEDICARE BENEFICIARIES.****SUMMARY:**

This bill allows insurers and other entities to deliver or issue certain Medicare supplement policies to Qualified Medicare Beneficiaries (QMBs), to the extent federal law allows. Federal law appears to prohibit this (see COMMENT).

The bill applies to each insurer, fraternal benefit society, hospital or medical service corporation, and HMO that issues policies or certificates for Medicare supplement plans A, B, or C, or any combination of them.

Under the QMB program, the state's Medicaid program pays the Medicare beneficiaries' Part A and B premiums and certain other cost sharing as a way to reduce the likelihood that these individuals will require full Medicaid coverage. The state pays the cost sharing and the federal government reimburses it for half of these expenditures. The state pays only when the beneficiary's medical provider accepts both Medicare and Medicaid.

EFFECTIVE DATE: July 1, 2013

**QMBs**

The state's Medicaid program pays certain Medicare cost sharing under an umbrella Medicare Savings Program (MSP). MSP consists of the QMB, Specified Low-Income Medicare Beneficiary, and Qualifying Individual programs. The state pays Medicare cost sharing (Part A and B deductibles and premiums and Part A coinsurance) for QMBs and

receives a 50% federal match for doing so.

### ***Medicare Supplement Policies***

Federal law standardized Medicare supplement policies into 10 benefit policies designated A, B, C, D, F, G, K, L, M, and N. (Policies E, H, I, and J are no longer sold.) Policy A contains the core benefits, while the other nine policies also provide one or more additional benefits. For example, policy B also contains Part A deductibles and policy C contains Part A and B deductibles, skilled nursing facility care coinsurance, and foreign travel emergency benefits.

### **COMMENT**

#### ***Federal Prohibition***

Federal law appears to prohibit a person from selling or issuing a supplement policy to an individual entitled to Medicare Part A or enrolled in Medicare Part B unless that person obtains from the applicant a statement that he or she is entitled to Medicaid (fully or partially). Further, the law states that if the statement indicates that the person is Medicaid-eligible, the sale of a supplement is considered a violation (and thus subject to penalty) unless the statement indicates that the only Medicaid assistance the individual is entitled to is help with the payment of Part B premiums (42 USC § 1395ss(d)(3)(B)(iii)(III)). Connecticut's QMB program also pays other Medicare cost sharing (e.g., Part A and B premiums and deductibles and Part A coinsurance), thus the federal prohibition would seem to apply.

### **COMMITTEE ACTION**

Aging Committee

Joint Favorable

Yea 12 Nay 0 (03/07/2013)